The Uniting Church in Australia - Queensland Synod UnitingCare Queensland

Financial Statements

For the Year Ended 30 June 2015

The Uniting Church in Australia - Queensland Synod
UnitingCare Queensland

Contents

The Uniting Church in Australia - Queensland Synod
UnitingCare Queensland

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Note	2015 $000's	2014 $000's
Revenue			
Revenue	3	1,452,124	1,336,721
Other income	3	70,613	68,601
Total revenue		**1,522,737**	**1,405,322**
Share of surplus in joint ventures	12(b)	1,656	2,576
Expenses			
Communications and utilities expense		(27,126)	(26,608)
Consulting and professional fees		(55,064)	(48,851)
Depreciation and amortisation expense	4(b)	(90,737)	(79,948)
Finance costs	4(a)	(15,039)	(14,678)
Salaries and employee expenses		(901,178)	(850,817)
Repairs and maintenance expense		(40,067)	(33,901)
Supplies and services expense		(250,218)	(235,407)
Synod expenses		(843)	(818)
UnitingCare Australia contribution		(449)	(434)
UnitingCare Queensland Board expenses		(578)	(613)
Other expenses	4(c)	(80,473)	(73,076)
Write offs and impairment expense	4(d)	(21,642)	(6,879)
Total expenses		**(1,483,414)**	**(1,372,030)**
Surplus for the year		**40,979**	**35,868**
Other comprehensive income			
Transfer of common controlled entity	25	13,315	262
Other comprehensive income for the year		**13,315**	**262**
Total comprehensive income for the year		**54,294**	**36,130**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

The Uniting Church in Australia - Queensland Synod
UnitingCare Queensland

Consolidated statement of financial position

At 30 June 2015

	Note	2015 $000's	2014 $000's
ASSETS			
Current assets			
Cash and cash equivalents	7	506,572	363,743
Trade and other receivables	9	82,358	106,740
Inventories	8	13,538	11,562
Other current assets	10	20,991	21,263
		623,459	503,308
Assets classified as held for sale	11	500	1,431
Total current assets		**623,959**	**504,739**
Non-current assets			
Inventories	8	434	434
Jointly controlled entities	12	4,026	2,855
Property, plant and equipment	13	1,085,916	1,106,663
Intangible assets	14	46,502	25,693
Other assets	10	5,124	4,597
Total non-current assets		**1,142,002**	**1,140,242**
TOTAL ASSETS		**1,765,961**	**1,644,981**
LIABILITIES			
Current liabilities			
Trade and other payables	15	101,687	89,375
Accommodation bonds expected to be paid within 12 months	16	63,077	49,259
Accommodation bonds not expected to be paid within 12 months	16	98,920	100,541
Entry contributions expected to be paid within 12 months	16	16,743	16,176
Entry contributions not expected to be paid within 12 months	16	112,274	97,757
Borrowings	17	1,822	1,083
Employee benefits and other provisions	18	134,112	125,983
Other current liabilities	19	36,112	31,818
Total current liabilities		**564,747**	**511,992**
Non-current liabilities			
Trade and other payables	15	2,400	1,967
Borrowings	17	238,096	231,693
Employee benefits and other provisions	18	13,471	13,486
Other liabilities	19	16,982	9,872
Total non-current liabilities		**270,949**	**257,018**
TOTAL LIABILITIES		**835,696**	**769,010**
NET ASSETS		**930,265**	**875,971**
FUNDS			
Contributed funds		5,234	5,234
Accumulated funds		925,031	870,737
TOTAL FUNDS		**930,265**	**875,971**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The Uniting Church in Australia - Queensland Synod
UnitingCare Queensland

Consolidated statement of changes in funds

For the year ended 30 June 2015

	Contributed funds $000's	Accumulated funds $000's	Total funds $000's
Balance at 1 July 2013	**5,234**	**834,607**	**839,841**
Surplus for the year	-	35,868	**35,868**
Other comprehensive income	-	262	**262**
Balance at 30 June 2014	**5,234**	**870,737**	**875,971**
Surplus for the year	-	40,979	**40,979**
Other comprehensive income	-	13,315	**13,315**
Balance at 30 June 2015	**5,234**	**925,031**	**930,265**

The above consolidated statement of changes in funds should be read in conjunction with the accompanying notes.

The Uniting Church in Australia - Queensland Synod
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Consolidated statement of cash flows

For the year ended 30 June 2015

	Note	2015 $000's	2014 $000's
Cash flows from operating activities			
Receipts from clients, funding and others		1,568,654	1,426,732
Payments to suppliers and employees		(1,388,750)	(1,330,999)
Interest paid		(15,039)	(14,499)
Proceeds from distributions		-	7,683
Interest received		11,485	9,348
Net cash inflow from operating activities	26	**176,350**	**98,265**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		21,540	21,266
Proceeds from sale of investments		19,820	26,339
Payments for property, plant and equipment		(98,986)	(145,714)
Payments for intangible assets		(32,570)	(12,573)
Net cash outflow from investing activities		**(90,196)**	**(110,682)**
Cash flows from financing activities			
Proceeds from borrowings		23,630	39,500
Net proceeds from accommodation bonds and entry contributions		46,757	29,433
Repayment of borrowings		(16,489)	(36,153)
Cash transferred from common controlled entity		2,777	-
Net cash inflow from financing activities		**56,675**	**32,780**
Net increase in cash and cash equivalents		142,829	20,363
Cash and cash equivalents at beginning of year		363,743	343,380
Cash and cash equivalents at end of year	7	**506,572**	**363,743**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

(a) General information

UnitingCare Queensland is an unincorporated not-for-profit organisation established by the Uniting Church in Australia - Queensland Synod. The Uniting Church in Australia - Queensland Synod has appointed the Board of UnitingCare Queensland to govern its health and community services activities. Legal title to all property beneficially utilised in the services provided by UnitingCare Queensland is held in trust by the Uniting Church in Australia Property Trust (Q.), a body incorporated by statute and domiciled in Australia.

The accounts reflect the consolidation of the operations of the following organisations (herein referred to as the “Group”):

- Group Office*;
- UnitingCare Health*;
- Blue Care*;
- Australian Regional and Remote Community Services Ltd (ARRCS Ltd); and
- UnitingCare Community*.

*These organisations report to the Australian Charities and Not-for-profits Commission on a joint reporting basis for the 2015 reporting period and subsequent reporting periods.

Inter-operation transactions have been eliminated.

The registered office of the Uniting Church in Australia Property Trust (Q.) is:

The Uniting Church in Australia - Queensland Synod
60 Bayliss Street
Auchenflower QLD 4066

UnitingCare Queensland operates from Level 5, 193 North Quay, Brisbane, Queensland 4000.

(b) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. In some circumstances, where permitted under the AASBs, the entity has elected to apply certain exemptions available to not-for-profit entities.

The financial statements of UnitingCare Queensland for the year ended 30 June 2015 were approved by the Board of UnitingCare Queensland on 6th October 2015.

(c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with AASBs requires the use of certain critical accounting estimates. It also requires the Board and management to exercise judgements in the process of applying the accounting policies. The Board and management are responsible for the development, selection and disclosure of critical accounting policies and estimates and their ongoing application.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are:

1. Summary of significant accounting policies (continued)

(c) Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimated useful life of property, plant and equipment
The estimated useful lives of property, plant and equipment and intangible are assessed annually. This assessment takes into consideration legislative and safety requirements and plans to ensure continued compliance therewith. The estimated useful lives reflect existing redevelopment plans which are also subject to review based on requirements and cost. Future changes to the redevelopment program may impact on the assessment of useful lives with a corresponding impact on depreciation expense in future periods.

Intangible assets
Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated lives. The estimated life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Inventories
Inventories are valued at the lower of cost and net realisable value. The net realisable value of inventory is the estimated selling price in the ordinary course of business less estimated costs to sell. The key assumptions are the variables affecting the selling prices and costs to sell, including judgements on market conditions and inventory condition.

Linen cost is valued at replacement value less a reduction in this value for the life expectancy of inventory in circulation due to loss of service potential.

Employee benefits
Management judgement is applied in determining the following key assumptions used in the calculation of annual leave and long service leave at the end of the reporting period:

- future increases in wages and salaries;
- future on cost rates; and
- experience of employee departures and period of service.

Refer to note 1(q) for further details on the key management judgements used in the calculation of long service leave and annual leave.

Change in accounting estimate
In the current year, management has used high quality corporate bond rates (Government bond rates used in prior year) to discount long term employee benefits in accordance with *AASB 119 Employee Benefits.* This change has arisen from the recognition of a deep market for high quality corporate bonds in Australia during the year and has been applied prospectively. Refer to note 18 for the impact of this change for the year ended 30 June 2015.

Accommodation bonds and entry contributions
By their nature, accommodation bonds and entry contributions are considered to be repayable on demand and are therefore classified as current liabilities. They are recorded at the amount initially received less any retention the Group is allowed to deduct in accordance with the relevant legislation and resident agreement and are not discounted. For the purpose of providing users of the financial statements with more relevant information, additional disclosure relating to the expected repayment dates of accommodation bonds and entry contributions has been added to the consolidated statement of financial position. Judgements are used as to the likely expected payment periods based on past experience of resident exits and the average value of current bonds and entry contributions held.

1. Summary of significant accounting policies (continued)

(c) Critical accounting judgements and key sources of estimation uncertainty (continued)

Grant funding

The Group has received a number of government grants during the year. Once the Group has been notified of the successful outcome of a grant application, the terms and conditions of each grant are reviewed to determine whether the funds relate to a reciprocal grant (i.e. payment for services rendered) in which case it is accounted for under *AASB 118 Revenue* or a non-reciprocal grant in which case it is accounted for under *AASB 1004 Contributions*. Where there is a return obligation for grant funding provided, grant revenue is deferred in the statement of financial position and is recognised as deferred income and released to the statement of profit or loss and other comprehensive income as the obligations are satisfied.

(d) Income taxes

No provision for income tax has been made as UnitingCare Queensland and its agencies are exempt from taxation under Division 50 of the *Income Tax Assessment Act (1997)* and have been so endorsed by the Commissioner of Taxation.

UnitingCare Health has a 50% ownership in Wesley Medical Imaging Pty Ltd, a joint venture which is subject to income tax. An income tax benefit is recognised as a receivable by the Group as UnitingCare Health's share of the income tax paid by Wesley Medical Imaging Pty Ltd will be recouped by UnitingCare Health from the ATO on payments of dividends by Wesley Medical Imaging Pty Ltd.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Contingencies and commitments are also disclosed net of GST payable or recoverable. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows within the receipts from clients, funding and others and payments to suppliers and employees.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the revenue received or to be received cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Rendering of services revenue

Revenues are recognised at fair value of the consideration received or receivable. Fee revenue is recognised in the consolidated statement of profit or loss and other comprehensive income when the service is provided or in proportion to the stage of completion of the transaction at the end of the annual reporting period. It is recognised to the extent that it is probable that the economic benefits will flow to the entity and that revenue can be reliably measured.

1. Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

The stage of completion is determined as follows:

- Servicing fees included in the price of a product are recognised by reference to the proportion of the total cost of the of providing the service for the product sold;
- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred; and
- For fixed price contracts, revenue is recognised based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

Government grants and subsidies revenue

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are reciprocal in nature are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. A reciprocal transfer generally occurs when a return obligation exists to the funding provider. Where such a return obligation exists, revenue is deferred in the consolidated statement of financial position and is recognised as deferred income and released to the consolidated statement of profit or loss and other comprehensive income as the obligations are satisfied. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire assets are recognised in the consolidated statement of profit or loss and other comprehensive income immediately when control is obtained and can be measured reliably. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Resident retentions revenue

Amounts retained as income from entry contributions and accommodation bonds are recognised in accordance with the applicable legislation or the residents' accommodation agreement.

Rental revenue

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1. Summary of significant accounting policies (continued)

(f) Revenue recognition (continued)

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Donations and bequests
Income from donations and bequests are recognised in the year in which they are received.

Donation and fundraising monies are recognised as an asset and revenue when control of the contribution is gained. In instances where these monies are not able to be spent for the intended purpose and as a result, there arises an obligation to repay, a subsequent offsetting expense and liability is recorded.

(g) Expenses

Finance costs
Finance costs comprise interest payable on borrowings calculated using the effective interest method. Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with *AASB117 Leases.*

Finance costs are expensed as incurred and included in net financing costs unless directly attributable to the acquisition or construction of a qualifying asset and then capitalised as part of the cost of that asset. The interest expense component of finance lease payments is recognised in the consolidated statement of profit or loss and other comprehensive income using the effective interest method.

Leases
A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments and are included in borrowings in note 17. The corresponding rental obligations, net of finance charges, are included in other payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

1. Summary of significant accounting policies (continued)

(g) Expenses (continued)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Repairs and maintenance
Plant and equipment is serviced on a regular basis. The costs of maintenance are charged as expenses as incurred, except where they relate to a material replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(k). Other routine operating maintenance, repair and minor renewal costs are charged as expenses as incurred.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short-term bills and call deposits. Cash and cash equivalents are carried at face value of the amounts deposited or drawn.

Amounts are held separately in Capital Replacement Funds and Maintenance Reserve Funds in accordance with statutory restrictions imposed by the *Retirement Villages Act 1999*.

(i) Financial assets

Financial assets are recognised when UnitingCare Queensland becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in surplus or deficit.

Financial assets are classified into the following specified categories:

- financial assets “at fair value through the profit or loss” (FVTPL);
- “held-to-maturity” investments;
- “available-for-sale” (AFS) financial assets; and
- “loans and receivables”.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1. Summary of significant accounting policies (continued)

(i) Financial assets (continued)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets classified as at “fair value through the profit or loss”.

Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss when the financial asset is either held for trading or it is designated at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Group of financial assets which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB139 *“Financial Instruments: Recognition and Measurement”* permits the contract to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in surplus or deficit. The net gain or loss recognised in surplus or deficit incorporates any dividend or interest earned on the financial asset.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “trade and other receivables”. Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each annual reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

1. Summary of significant accounting policies (continued)

(i) Financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually, are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are re-classified to surplus or deficit in the period.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in surplus or deficit are not reversed through surplus or deficit. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of accumulated funds. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, they recognise its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, they continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

1. Summary of significant accounting policies (continued)

(i) Financial assets (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in surplus or deficit.

(j) Inventories

Inventories of supplies held for future use are valued at the lower of cost and net realisable value. Costs are assigned to inventories by the method most appropriate to each particular class of inventory, with all categories being valued on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Inventory held for distribution
Linen costs are valued at replacement value less a reduction in this value for the life expectancy of inventory in circulation.

(k) Property, plant and equipment

Freehold land is held at cost less any impairment losses and not depreciated. Buildings are carried in the consolidated statement of financial position at cost less any subsequent accumulated depreciation and any impairment losses.

Items of property, plant and equipment are stated at cost or at fair value where gifted to the Uniting Church in Australia Property Trust (Q.) less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate (where relevant) of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

All items of property, plant and equipment with a cost less than $1,000 are charged directly to the consolidated statement of profit or loss and other comprehensive income.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs
The subsequent costs of replacing an item of property, plant and equipment are recognised in the carrying value of the asset when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the organisation and the cost of the item can be measured reliably. All other costs are recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

Carrying value
Each class of property, plant and equipment is carried at cost or fair value (as indicated) less where applicable, any accumulated depreciation and impairment losses.

Depreciation
With the exception of freehold land, depreciation is charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each significant component of an item of property, plant and equipment. Land is not depreciated. The expected useful lives are as follows:

1. **Summary of significant accounting policies (continued)**

(k) Property, plant and equipment (continued)

Class of asset	
Buildings and building improvements	up to 50 years
Plant and equipment	1 to 15 years
Motor vehicles	3 to 10 years

Assets are depreciated from the date of acquisition or in respect of internally constructed assets, from the time an asset is completed and held ready for use. The residual value, the useful life and the depreciation method applied to an asset are re-assessed at least annually. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed in the consolidated statement of profit or loss and other comprehensive income.

(l) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired.
If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Group would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. Depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1. Summary of significant accounting policies (continued)

(l) Impairment of assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Reversal of impairment losses
Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine recoverable amount.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Intangible assets

Goodwill
Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Residential aged care places
Residential aged care places represent a right to operate a bed. They are issued by the Federal Government free of charge and have no fixed period once operational. The Group does not assign a value to bed assets due to the lack of a clear market that buys and sells these assets. The Group held 4,239 (2014: 4,119) operational residential aged care places as at 30 June 2015.

Other intangibles
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when incurred. Annual software licensing costs are recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when incurred.

1. **Summary of significant accounting policies (continued)**

(m) Intangible assets (continued)

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and sufficient resources exist to complete development.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The expenditure capitalised includes the cost of materials (including the perpetual license to use software), direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Capitalised development costs are recorded as intangible assets and amortised from a point at which the asset is ready for use on a straight-line basis over its useful life, which varies from one to eight years.

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(n) Interests in other entities

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as “jointly controlled entities”.

As permitted under Paragraph 38 of *AASB 131 (NFP) Interests in Joint Ventures*, the Group has elected to recognise its interest in a jointly controlled entity using the equity method rather than proportionate consolidation method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

1. Summary of significant accounting policies (continued)

(n) Interests in other entities (continued)

Income from the sale or use of Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and the amount can be measured reliably.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1 (l).

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the accounting policy for goodwill arising in a business combination.

Interest in Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

1. Summary of significant accounting policies (continued)

(o) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(p) Financial liabilities

Financial liabilities are classified as either financial liabilities “at fair value through profit or loss” or “other financial liabilities”.

Financial liabilities at fair value through profit or loss
Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated at fair value through profit or loss. A financial liability is held for trading if:

- it has been incurred principally for the purpose of re-purchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and AASB139 permits the entire combined contract (asset or liability) to be designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the surplus or deficit. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period to the net carrying amount on initial recognition.

1. Summary of significant accounting policies (continued)

(p) Financial liabilities (continued)

Accommodation bonds and entry contributions
Accommodation bonds and entry contributions received from residents represent non-interest bearing deposits that are refundable in accordance with the relevant legislation and the individual resident agreement in the event the resident leaves a Group facility.

As these accommodation bonds and entry contributions are considered to be repayable on demand, they are recorded at the amount initially received less any retention the Group is allowed to deduct in accordance with the relevant legislation and resident agreement and are not discounted.

(q) Employee benefits

Wages and salaries
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service and sick leave in the period the related service is rendered and when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Employee benefit on-costs
Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Rostered days off and time off in lieu
A liability for accrued rostered days off (RDO) and time off in lieu (TOIL) is recognised and has been measured at the amounts expected to be paid when the liabilities are settled.

Sick leave
Under enterprise bargaining arrangements applicable to the Groups' employees, sick leave accrued by employees covered by the Queensland Nurses Union (QNU) Award and employees covered by the Australian Services Union (ASU) Award have been recognised and measured at the amounts expected to be paid when the employee takes sick leave entitlements and the balance of the liability is settled on termination. In respect to all other employees, liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

1. Summary of significant accounting policies (continued)

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructurings
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Make-good
A make-good provision is recognised when the Group has present obligation to restore leased premises to their original condition at the completion of the lease period. The provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(s) Borrowings

Borrowings are initially recognised at fair value less any related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Any difference between cost and redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the entire period of the borrowings on an effective interest basis. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless there is an unconditional right to defer the settlement of the liability for at least twelve months from the end of each annual reporting period.

1. Summary of significant accounting policies (continued)

(s) Borrowings (continued)

Capitalised Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each annual reporting period. The resulting gain or loss is recognised in the surplus or deficit immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the surplus or deficit depends on the nature of the hedge relationship.

(u) Business streams

A business stream is a distinguishable component of the Group that is engaged in providing products or services (business information), or in providing products or services within a particular economic environment (geographic information), which is subject to risks and rewards that are different from those of other segments.

2. Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies. Historical cost is generally based on the fair values of the consideration given in exchange for assets. The financial statements are presented in Australian dollars rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of *AASB 117*, and measurements that have some similarities to fair value but are not fair value, such as value in use in *AASB 136*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(a) Standards and Interpretations affecting the reported results or financial position

In the current year the Group has applied a number of new and revised accounting standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	The Group has applied the amendments to AASB 132 'Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendment to AASB 132 specifically clarifies the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of this amendment does not have any material impact on the Group's consolidated financial statements.

2. Basis of preparation (continued)

AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'. The application of these amendments does not have any material impact on the disclosures in the Groups' consolidated financial statements.
AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)	The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in the Groups' consolidated financial statements.
Interpretation 21 'Levies'	Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. Interpretation 21 has been applied retrospectively. The application of this Interpretation does not have any material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. Basis of preparation (continued)

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)	The Annual Improvements 2010-2012 cycle has made number of amendments to various AASBs. The amendments that a relevant to the Group are summarised below: • The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. • The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. • The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. • The amendments to AASB 8 requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must be disclosed if segment assets are reported. The Annual Improvements 2011-2013 cycle has made number of amendments to various AASBs. The amendments that a relevant to the Group are summarised below: • The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132. The application of these amendments does not have any material impact on the disclosures or on the amounts recognised the Group's consolidated financial statements.

2. Basis of preparation (continued)

AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities	The AASB has issued application guidance which clarifies how the principles in AASB 10 and AASB 12 apply to not-for-profit entities. The guidance does not replace or modify the principles in AASB 10 and AASB 12: • explains how for assessing control in AASB 10 apply to not-for-profit entities, particularly in circumstances where these principles do not readily translate to a not-for-profit context, and provides a number of practical examples; and • explains how the concept of a “structured entity” in AASB 12 translates to a not-for-profit context. The application of these amendments does not have any material impact on the disclosures or on the amounts recognised the Group’s consolidated financial statements

(b) Standards and Interpretations in issue but not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. Initial application of the following Standards will not affect any of the amounts recognised in the financial statements but in some instances will change the disclosures presently made in relation to the general purpose financial statement.

Standard / Interpretation and the relevant amending standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ended
AASB 9 ‘Financial Instruments’, and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 ‘Revenue from Contracts with Customers’ and AASB 2014-5 ‘Amendments to Australian Accounting Standards arising from AASB 15’	1 January 2018	30 June 2019
AASB 2014-3 ‘Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations’	1 January 2016	30 June 2017
AASB 2014-4 ‘Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation’	1 January 2016	30 June 2017
AASB 2014-9 ‘Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements’	1 January 2016	30 June 2017

2. Basis of preparation (continued)

Standard / Interpretation and the relevant amending standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ended
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined.

(c) Going concern

The financial statements have been prepared on an accruals basis of accounting and include the assumption that UnitingCare Queensland will continue to operate as a going concern. The historical cost convention has been applied, except for the revaluation of certain non-current assets and financial instruments. Cost is based on fair values of the consideration given in exchange for assets.

(d) Comparatives

Where necessary, comparative amounts have been amended for any changes to the current year presentation or classification of items in the financial statements.

3. Revenue

	2015 $000s	2014 $000s
Patient and client revenue	480,542	450,025
Recoverable revenue	121,866	117,701
Non-patient revenue	18,238	17,157
Fundraising and donation revenue	4,169	4,693
Rental revenue	6,377	5,455
Grants and subsidies revenue	653,797	584,464
Rendering of services revenue	104,069	98,249
Resident retentions revenue	6,998	6,524
Sale of goods	44,330	42,862
Miscellaneous other revenue	253	238
Interest revenue		
Uniting Church Investment Services	9,850	5,566
Other interest	1,635	3,787
Total revenue	**1,452,124**	**1,336,721**

Other income

	2015 $000s	2014 $000s
Capital contributions from clients	13,842	14,144
Capital grants from government	29,269	5,592
Donations for capital acquisitions	1,346	29
Bequests	3,108	5,151
Gain on sale of property, plant and equipment	6,392	13,285
Gain on sale of residential aged care facility	7,646	-
Gain on sale of interest in joint venture	24	24,916
Other income	8,986	5,484
Total other income	**70,613**	**68,601**

4. Surplus for the year

	2015	2014
	$000s	$000s
The surplus for the year has been arrived at after charging:		
(a) Finance costs		
Interest expense - Uniting Church Investment Services	13,944	13,633
Interest expense - other	1,095	1,045
Total finance costs	**15,039**	**14,678**
(b) Depreciation and amortisation expense		
Depreciation	79,816	72,252
Amortisation	10,921	7,696
Total depreciation and amortisation expense	**90,737**	**79,948**
(c) Other expenses		
Other expenses include:		
Marketing expenses	1,612	2,613
Rentals & lease	3,356	4,869
Rates & taxes	2,731	2,311
Insurance expenses	3,789	3,350
Bad and doubtful debts	943	1,148
(d) Write offs and impairment expense		
Impairment - Capital works in progress	3,265	6,879
Impairment charge - other	18,377	-
Total write offs and impairment expense	**21,642**	**6,879**

5. Disposal of Residential Aged Care Facility

On 31 March 2015 the Group disposed of a Residential Aged Care Facility. The gain on sale is included in other income in the consolidated statement of profit or loss.

6. Auditor's remuneration

	2015 $000s	2014 $000s
Audit fees	930	899
Other regulatory compliance services	7	70
Other assurance services	45	146
Total auditor's remuneration	**982**	**1,115**

The auditor for UnitingCare Queensland is Deloitte Touche Tohmatsu.

7. Cash and cash equivalents

	2015 $000s	2014 $000s
Cash on hand	282	327
Cash at bank	45,163	52,748
Deposits - related parties	461,127	310,668
Total cash and cash equivalents	**506,572**	**363,743**

Reconciliation of cash

	2015 $000s	2014 $000s
Cash at the end of the financial year is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalents	506,572	363,743
Total	**506,572**	**363,743**

Included in the cash and cash equivalents balance are funds received by way of grant or donation $2,763,936 (2014: $6,362,674) that are restricted in use to the purpose intended under the grant agreement or donation.

In addition, the *Retirement Villages Act 1999* imposes statutory restrictions over all amounts held in Capital Replacement Funds $10,868,528 (2014: $10,770,102) and Maintenance Reserve Funds $2,424,100 (2014: $2,061,297) which restricts the use for which these funds can be applied.

All residential aged care bond deposits received since 1 October 2011 that have been expended on projects meet the *Aged Care Act 1997* "permitted purposes".

The Funds held in Trust balance consists of trust funds received of $770,936 (2014: $768,042) that are restricted in use to the purposes intended under the trust agreements.

8. Inventories

	2015 $000s	2014 $000s
Current		
Medical supplies	11,915	9,974
Linen	782	792
Other	841	796
Total current inventories	**13,538**	**11,562**
Non-current		
Linen	434	434
Total non-current inventories	**434**	**434**

The cost of inventories recognised as an expense during the year in respect of continuing operations was $211,110,000 (2014: $197,669,000)

9. Trade and other receivables

	2015 $000s	2014 $000s
Trade receivables	77,581	85,077
Allowance for impairment of trade receivables	(2,779)	(2,380)
	74,802	82,697
Bonds negotiated but not received	2,394	12,754
Other receivables	934	7,008
GST recoverable	4,228	4,281
Total trade and other receivables	**82,358**	**106,740**

An allowance has been made for estimated unrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. Included in the receivables are balances for patient and client services, domiciliary client co-contributions, contract medical services, co-contributions for community aged care packages, residential aged care daily fees, interest on late payment of bonds and miscellaneous care services to residential and community clients.

The Group has specifically assessed receivables or considered a general allowance for receivables aged greater than 90 days because historical experience is that as receivables age, they are less likely to be recovered. Trade receivables greater than 90 days are provided for based on estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

9. Trade and other receivables (continued)

(a) Ageing of past due but not impaired	**2015 $000s**	**2014 $000s**
60 – 90 days	2,231	2,406
90 – 120+ days	5,025	2,968
Total	**7,256**	**5,374**

Included in the trade receivable balance are debtors with a carrying amount of $1,528,108 (2014: $679,568) which are past due at the reporting date for which UnitingCare Queensland has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

There was also $2,487,607 (2014: $4,428,070) of bonds negotiated but not received which were more than 120 days past due but not impaired. Non-recovery of these would have no impact on income and would also result in an equivalent reduction in the accommodation bonds liability.

Retention income is receivable on these outstanding bonds and any outstanding retention payments are included in the ageing of past due but not impaired amounts disclosed where applicable. Outstanding retention debts form part of the resident debtors balance within trade and other receivables. Bonds negotiated but not received are also included in trade debtors and the balance net of retentions is included in the accommodation bonds liability.

(b) Movement in allowance for impairment of receivables	**2015 $000s**	**2014 $000s**
Balance at beginning of the financial year	2,380	1,891
Impairment losses recognised on receivables	937	1,157
Amounts written off during the year as uncollectible	(568)	(686)
Amounts recovered during the year	30	14
Impairment losses reversed	-	4
Balance at end of the financial year	**2,779**	**2,380**

10. Other assets

	2015 $000s	**2014 $000s**
Current		
Prepayments	14,468	12,429
Accrued income	6,493	8,313
Deposits	-	521
Other	30	-
Total other current assets	**20,991**	**21,263**

10. Other assets (continued)	2015 $000s	2014 $000s
Non-current		
Loans to other entities (a)	1,897	1,898
Imputation tax receivable	1,814	1,329
Funds held in trust (b)	1,413	1,370
Total other non-current assets	**5,124**	**4,597**

(a) The loan to other entities consists of an unsecured loan to Wesley Medical Imaging Pty Ltd, a 50% joint venture with UnitingCare Health.

The Wesley Medical Imaging Pty Ltd loan is for a ten year period and was provided to assist with working capital and capital development requirements. The directors exercised an option available in the first year of the loan to capitalise interest on the outstanding balance. The interest is charged quarterly at BBSW plus 4% and has been capitalised to the loan.

At 30 June 2015, the balance of the loan (including the current portion) was $1,922,971(2014: $1,897,964).

(b) The Funds Held in Trust balance consists of trust funds received of $1,412,535 (2014: $1,370,487) that are restricted in use to the purposes intended under these trust agreements. In both instances, only interest income earned from investment of the principal amounts is permitted to be used. Permitted uses include the promotion of staff development and training and the support of community care services.

11. Assets classified as held for sale	2015 $000s	2014 $000s
Land	45	620
Buildings	423	811
Plant and equipment	32	-
Total assets classified as held for sale	**500**	**1,431**

In May 2013, St Stephens Hospital, Maryborough announced that acute care services will transition to Hervey Bay when the expanded facility opens in October 2014. UnitingCare Health has made the decision to not operate St Stephens Hospital, Maryborough as a hospital and the closure is now completed following the opening of the expanded facility in Hervey Bay. A contract for the sale of property has been prepared by UCQ with final negotiations of the contract ongoing. The assets have been classified as Held for Sale and are carried at the fair value less costs to sell of $500,000.

12. Interests in other entities

(a) Ownership interest in joint ventures

Name	Principal Activities	Ownership Interest		Carrying Amount of Investment	
		2015	2014	2015	2014
		%	%	$000s	$000s
Wesley Medical Imaging Pty Ltd (WMI)	Healthcare	50.00	50.00	4,026	2,855
Trinity Health Services Ltd (i)	Healthcare	50.00	50.00	-	-
				4,026	**2,855**

(i) UnitingCare Health and Mater Health Services have formed Trinity Health Services Limited as a joint venture to seek to secure the exclusive provision of medical and health services at the site of the former Royal Children's Hospital in Herston, Brisbane. An expression of interest has been lodged with the Queensland Government. To date, no carrying value has been recorded in the balance sheet, as activity has been limited to the 50% share of costs to establish and maintain the corporate structure. These costs have been recognised directly in the consolidated statement of profit or loss and other comprehensive income.

	2015	2014
	$000s	$000s
(b) Movements during the year for joint ventures		
Balance at beginning of the financial year	2,855	9,405
Add:		
Share of joint ventures profit	1,656	2,576
Less:		
Distributions received or receivable	-	(7,683)
Imputation tax credits	(485)	(881)
Carrying amount of investment at date of sale	-	(562)
Balance at end of the financial year	**4,026**	**2,855**

Summarised financial performance in respect of the interest in joint ventures is set out below.

	2015	2014
	$000s	$000s
Joint venture surplus	3,312	4,716
Share of surplus in joint ventures	**1,656**	**2,576**

12. Interests in other entities (continued)

(c) Commitments and contingent liabilities in respect of joint arrangements

A joint and several liabilities over an asset finance facility amounting to $10,000,000 have been entered into by the two joint venture parties of Wesley Medical Imaging Pty Ltd. As at the end of the annual reporting period, no funds have been drawn down by the joint venture.

(d) Joint operations

Blue Care has a 50% interest in a joint operation with Brisbane Housing Company Limited which provides affordable housing under the National Rental Affordability Scheme ("NRAS"). The principal place of business of the joint operation is Australia.

Blue Care has classified this arrangement as a joint operation and has accounted for its interest by recognising its share of the assets, liabilities, revenues and expenses of the joint venture.
Financial information relating to this interest is set out below.

	2015
	$000s
(i) Interest in Joint Venture *	
Property Plant and Equipment Assets	5,103
Accounts Payable and Accrued Expenses	-
Net Interest In Joint Venture	5,103
(ii) Results **	
Rental Revenue	44
Expenses	(97)
	(53)

* Included in the respective amounts disclosed in each category in the consolidated statement of financial position
** Included in the respective amounts disclosed in each category in the consolidated statement of profit or loss and other comprehensive income

13. Property, plant and equipment	**2015 $000s**	**2014 $000s**
Capital works in progress		
At cost	24,994	103,294
Total capital works in progress	**24,994**	**103,294**
Freehold land		
At cost	141,514	157,095
Total freehold land	**141,514**	**157,095**
Buildings and improvements		
At cost	1,074,655	1,001,963
Less: Accumulated Depreciation	(356,282)	(328,641)
Total buildings and improvements	**718,373**	**673,322**
Total land and buildings	**859,887**	**830,417**
Plant and equipment		
At cost	393,919	352,162
Less: Accumulated Depreciation	(220,907)	(206,660)
Total plant and equipment	**173,012**	**145,502**
Motor vehicles		
At cost	52,646	51,683
Less: Accumulated Depreciation	(24,623)	(24,233)
Total motor vehicles	**28,023**	**27,450**
Total plant and equipment	**201,035**	**172,952**
Total property, plant and equipment	**1,085,916**	**1,106,663**

Legal title to all property beneficially utilised in the services of the organisation is held in trust by either the Uniting Church in Australia Property Trust (Q.) (Property Trust) or Australian Regional and Remote Community Services Limited (“ARRCS Ltd”).

Assets pledged as security

Freehold land and buildings with a carrying amount of $113,694,259, (2014: $139,440,037) have been pledged to secure borrowings of the Property Trust. The freehold land and buildings have been pledged as security for bank loans under a mortgage. The Property Trust is not allowed to pledge these assets as security for other borrowings or to sell them to another entity without the approval from the Australia and New Zealand Banking Group Limited.

As at 30 June 2015, hospital assets with a carrying value of $47,150,429 (2014: $36,324,946) are pledged as security in accordance with a grant contract from the Commonwealth of Australia.

13. Property, plant and equipment (continued)

During the year, freehold land and buildings with a carrying amount of $5,100,577 (2014: $5,148,719) have been pledged to the Queensland Government to secure grant funding over two centre based day care facilities in Gatton and Goondiwindi and two centre based day respite centres in Coomera and Toowoomba. The freehold land and buildings have been pledged as security under grant funding agreements under a mortgage. The Group is able to pledge these assets as security for other borrowings provided that the funder remains as a second mortgagee.

In total, assets of $52,251,006 (2014: $41,473,665) which is 4.8% of total property, plant and equipment, has been or will be pledged to secure government grants.

Leased assets
Plant and equipment includes an amount of $10,732,650, (2014: $10,424,000) of leased equipment at cost and $4,228,178 (2014: $3,411,747) of accumulated depreciation where the Group is a lessee under a finance lease.

St Stephen Hospital, Maryborough
In May 2013, St Stephens Hospital, Maryborough announced that acute care services will transition to Hervey Bay when the expanded facility opens in October 2014. UnitingCare Health has made the decision to not operate St Stephens Hospital, Maryborough as a hospital and the closure is now completed following the opening of the expanded facility in Hervey Bay. A contract for the sale of property has been prepared by UCQ with final negotiations of the contract ongoing. The assets have been classified as Held for Sale and are carried at the fair value less costs to sell of $500,000.

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13. Property, plant and equipment (continued)

Movements in carrying amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year is as follows:

	Capital work in progress	Land	Buildings and improvements	Plant and equipment	Motor vehicles	Total
	$000's	$000's	$000's	$000's	$000's	$000's
2014						
Balance at beginning of the year	108,987	158,922	613,621	141,454	26,682	**1,049,666**
Additions	118,012	351	9,091	17,657	12,070	**157,181**
Disposals	(585)	(2,023)	(1,715)	(908)	(2,857)	**(8,088)**
Impairment	(6,879)	-	-	-	-	**(6,879)**
Transfers	(116,139)	465	88,009	16,233	-	**(11,432)**
Depreciation expense	-	-	(34,873)	(28,934)	(8,445)	**(72,252)**
Other	(102)	(620)	(811)	-	-	**(1,533)**
Carrying amount at 30 June 2014	**103,294**	**157,095**	**673,322**	**145,502**	**27,450**	**1,106,663**
2015						
Balance at beginning of the year	103,294	157,095	673,322	145,502	27,450	**1,106,663**
Transfers from common control transactions	-	35	13,047	840	439	**14,361**
Additions	65,285	568	15,599	28,775	10,342	**120,569**
Disposals	(1,030)	(1,671)	(20,500)	(4,378)	(2,022)	**(29,601)**
Impairment	(3,265)	(13,422)	(4,957)	-	-	**(21,644)**
Transfers	(139,290)	(1,033)	82,265	33,942	-	**(24,116)**
Depreciation expense	-	(13)	(39,980)	(31,637)	(8,186)	**(79,816)**
Other	-	(45)	(423)	(32)	-	**(500)**
Carrying amount at 30 June 2015	**24,994**	**141,514**	**718,373**	**173,012**	**28,023**	**1,085,916**

Certain transfers out of capital work in progress have been processed through asset class additions and transfers to intangible assets have been recognised as additions in note 14.

14. Intangible assets

	Computer software $000s
2014	
Opening Balance	21,162
Additions	10,898
Disposals	(410)
Transfers	1,739
Amortisation	(7,696)
Carrying amount at 30 June 2014	**25,693**
2015	
Opening Balance	25,693
Additions	7,724
Disposals	(110)
Transfers	24,116
Amortisation	(10,921)
Carrying amount at 30 June 2015	**46,502**

Intangible assets include all costs incurred in development and customisation of various software programs utilised by UnitingCare Queensland in its operations.

Significant intangible assets

During the year ended 30 June 2015, the Group incurred costs for the following significant software projects: clinical information system, centralised customer call centre, procurement systems, and other significant upgrades to business applications software. During the year ended 30 June 2014, the major projects were the clinical information system, client care system, and other business applications software. The carrying value related to the clinical information system at 30 June 2015 of $21,770,032 (2014: $2,912,592) is expected to be fully amortised in two to ten years (2014: two to five years).

15. Trade and other payables

	2015 $000s	2014 $000s
Current		
Trade payables	44,490	37,448
Sundry payables and accrued expenses	56,973	51,535
Other payables	224	392
Total current trade and other payables	**101,687**	**89,375**
Non-current		
Maintenance reserve funds	2,400	1,967
Total non-current trade and other payables	**2,400**	**1,967**

The Group have financial risk management policies in place to ensure that payables are paid within the credit framework. The credit framework is determined by the terms of the creditors and interest is not payable when paid within trading terms.

Maintenance reserve funds are established under section 97 of the Retirement Villages Act 1999 (Qld) for maintaining and repairing the retirement villages' capital items. The amounts held in the funds are solely for the benefit of the residents and the residents are solely responsible for contributing to the funds. The balance of the fund is set annually by an external quantity surveyor and drawn down as the allowed items are incurred.

16. Accommodation bonds and entry contributions

	2015 $000s	2014 $000s
Current		
Accommodation bonds – aged care facilities expected to be paid within 12 months	63,077	49,259
Accommodation bonds – aged care facilities not expected to be paid within 12 months	98,920	100,541
Entry contributions – retirement villages expected to be paid within 12 months	16,743	16,176
Entry contributions – retirement villages not expected to be paid within 12 months	112,274	97,757
Total accommodation bonds and entry contributions	**291,014**	**263,733**

Accommodation bonds are held in respect of clients in residential aged care facilities. Entry contributions are held for clients of retirement living units covered under the Retirement Villages Act. These are recognised as current liabilities for reporting purposes but have been split in this note into the ageing categories for information enhancement. This is based on refunds expected to be paid. The cash required to cover the refund of Accommodation bonds are subject to a documented liquidity management strategy.

17. Borrowings

	2015 $000s	2014 $000s
Current		
Finance lease obligation (a)	1,822	1,083
Total current borrowings	**1,822**	**1,083**
Non-current		
Finance lease obligation (a)	4,316	2,913
Loans - Uniting Church Investment Services (b)	233,780	228,780
Total non-current borrowings	**238,096**	**231,693**

(a) Secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods up to seven years. The current weighted average effective interest rate on the finance lease liabilities is 5.535% pa. (2014: 6.153% pa.).
(b) Interest of 5.535% pa – 6.153% pa is charged on outstanding loan balances (2014: 6.06% pa – 6.30% pa).

Finance leases
Finance leases relate to equipment with lease terms of one to fifteen years. The Group has the option to purchase the equipment for a nominal amount at the conclusion of the lease agreements.

The obligations under finance leases, as disclosed in the table below, are secured by the lessor's title to the leased assets.

Total current and non-current secured liabilities	2015 $000s	2014 $000s
Finance lease obligations	6,138	3,996

Assets pledged as security
As at the end of the annual reporting period, no assets other than assets under a finance lease, and those assets outlined in note 13, are pledged as security.

The Group has no legal right of set-off of any assets and liabilities.

Bank loan facility
Unrestricted access was available at the end of the annual reporting period to the following lines of credit:

	2015 $000s	2014 $000s
Total facilities (Related party)	253,000	253,000
Less: used at the end of the reporting period	(233,780)	(228,780)
Unused at the end of the reporting period	**19,220**	**24,220**

The facility may be drawn at any time. The interest rates at the end of the annual reporting period were BBSW 30d + 3.5% pa (2014: BBSW 30d + 3.5% pa).

18. Employee benefits and other provisions

	2015 $000s	2014 $000s
Current		
Liability for annual leave	67,938	63,289
Liability for long service leave	57,265	55,274
Liability for accrued day off and other leave	1,507	1,438
Liability for sick leave	5,928	5,865
Total current employee benefits	**132,638**	**125,866**
Other provisions (a)	1,474	117
Total current employee benefits and other provisions	**134,112**	**125,983**
Non-current		
Liability for long service leave	13,471	13,486
Total non-current employee benefits and other provisions	**13,471**	**13,486**

The current portion of this liability includes all of the employee benefits where employees have completed the required period of service or will complete the required period of service within 12 months from the balance date. The entire amount of the provision of $132,638,000 (2014: $125,866,000) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	2015 $000s	2014 $000s
Current leave obligations expected to be settled after 12 months	**50,718**	**48,165**

Change in accounting estimate

During the year, the Group discounted the employee benefits liabilities using a High Quality Corporate Bond rate, in line with *AASB 119 Employee Benefits* standard. This is to be applied prospectively. The impact on current year results is a decrease of $3,072,702 and this has been recognised in the consolidated statement of profit or loss and other comprehensive income.

(a) Other provisions

Other provisions include the Group’s provision for restoration obligations of certain leased premises and provision for repayments to health funds.

19. Other liabilities

	2015 $000s	2014 $000s
Current		
Fundraising monies held in trust	1,136	1,246
Grant funding liability	29,396	28,160
Unearned income (a)	2,992	720
Income received in advance	1,648	1,692
Lease incentives	940	-
Total current other liabilities	**36,112**	**31,818**
Non-current		
Fundraising monies held in trust	607	598
Unearned income (a)	9,115	9,274
Lease incentives liability	7,260	-
Total non-current other liabilities	**16,982**	**9,872**

(a) A lease to Wesley Research Institute Limited is for a 99 year period and has been prepaid. This lease does not have an option to renew or purchase the leased asset at the expiry of the lease period.

The Wesley Hospital entered into an 18 year lease with Wesley Medical Imaging (WMI) for an extension immediately adjacent to an existing leased space. The construction of the external walls, roof and floors of the leased space has been funded by WMI as a prepaid lease consideration. The asset is recognised as an asset of UnitingCare Health and the prepaid rental amortised over the term of the lease.

20. Financial instruments

(a) Financial risk management objectives

The Group's activities expose it to a variety of financial risks; market risks (including fair value interest rate risk), credit risk, liquidity risk, and capital risk. The overall risk management program of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. The Group's current strategy to meet minimum liquidity requirements is to constantly monitor cash flow through the preparation of monthly cash flow statements and cash flow reconciliations and forecasts. The Group may from time to time, use derivative financial instruments such as interest rate swaps, to hedge certain risk exposures.

UnitingCare Queensland and its Service Groups deposit funds with and borrow funds from Uniting Church Investment Services (UCIS), the Treasury arm of The Uniting Church Property Trust (Q.). Risk management is carried out under policies approved by the Finance Investment Property Trust Board.

(b) Capital risk management

UnitingCare Queensland manages capital to ensure that the organisation will be able to continue as a going concern while maximising the return through optimisation of the debt and funds balance. The Group's overall strategy remains unchanged from 2014.

The capital structure consists of debt borrowings as detailed in note 17 and cash and cash equivalents as detailed in note 7.

Operating cash flows are used to maintain and expand the services assets, as well as to make the routine outflows including repayment of maturing debt. The policy is to borrow centrally, using a variety of borrowing facilities to meet anticipated funding requirements.

(c) Credit risk management

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the end of the annual reporting period there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(c) Market risk

UnitingCare Queensland has significant interest-bearing assets and therefore, the income and operating cash flows are materially exposed to changes in market interest rates. There has been no change to the nature of these risks or the manner in which these risks are managed and measured.

(d) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out of market positions. Uniting Church Investment Services maintains flexibility in funding by keeping credit lines available.

The Uniting Church in Australia - Queensland Synod
UnitingCare Queensland

Notes to the financial statements

For the year ended 30 June 2015

20. Financial instruments (continued)

Financial assets

The following table details the maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Effective interest rate (%)	Maturing 1 Year $000s	Maturing 1-2 Years $000s	Maturing > 2 Years $000s	Total $000s
30 June 2014					
Non-interest bearing available					
Cash and cash equivalents		327	-	-	**327**
Receivables		93,985	-	-	**93,985**
Floating interest rate available					
Cash and cash equivalents	2.37	363,416	-	-	**363,416**
Loan to other entities	6.69	-	145	1,753	**1,898**
Other current assets	3.07	521	-	-	**521**
Other receivables	6.69	12,754	-	1,329	**14,083**
Total financial assets		**471,003**	**145**	**3,082**	**474,230**

	Effective interest rate (%)	Maturing 1 Year $000s	Maturing 1-2 Years $000s	Maturing > 2 Years $000s	Total $000s
30 June 2015					
Non-interest bearing available					
Cash and cash equivalents		282	-	-	**282**
Receivables		79,964	-	-	**79,964**
Floating interest rate available					
Cash and cash equivalents	1.93	506,290	-	-	**506,290**
Loan to other entities	6.26	30	2	1,895	**1,927**
Other current assets		-	-	1,814	**1,814**
Other receivables	6.61	2,394	-	-	**2,394**
Total financial assets		**588,960**	**2**	**3,709**	**592,671**

20. Financial instruments (continued)

Financial liabilities

The following table details the Group's contractual maturity for its financial liabilities.

	Effective interest rate %	Maturing 1 Year $000s	Maturing 1-2 Years $000s	Maturing > 2 Years $000s	Total $000s
30 June 2014					
Floating interest rate available					
Bank loans and overdrafts	6.15	1,083	-	231,693	**232,776**
Non-interest bearing available					
Accommodation bonds and entry contributions (i)		263,733	-	-	**263,733**
Trade and other payables		91,342	-	-	**91,342**
Other liabilities		29,406	598	-	**30,004**
Total financial liabilities		**385,564**	**598**	**231,693**	**617,855**
30 June 2015					
Floating interest rate available					
Bank loans and overdrafts	5.54	1,822	-	238,096	**239,918**
Non-interest bearing available					
Accommodation bonds and entry contributions (i)		291,014	-	-	**291,014**
Trade and other payables		101,687	2,400	-	**104,087**
Other liabilities		33,120	1,860	6,007	**40,987**
Total financial liabilities		**427,643**	**4,260**	**244,103**	**676,006**

(i) The Group has negotiated 256 bonds and 133 entry contributions for the year ended 30 June 2015 (2014: 164 bonds and 136 entry contributions). 251 bonds and 93 entry contributions were refunded during the year ended 30 June 2015 (2014: 230 bonds and 90 entry contributions). The value of new bonds is approximately $81,000 (2014: $44,000) higher for each bond than the value of bonds refunded.

(f) Interest rate risk management

Interest rate sensitivity analysis

Interest rate risks on borrowings are managed with the aim of reducing the impact of short-term fluctuations in earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on earnings. At 30 June 2015, it is estimated that a general increase of one percentage point in interest rates on borrowings would decrease the net result for the year by approximately $2,399,172 (2014: $2,327,759). The borrowings relates to loans held by UnitingCare Health.

20. Financial instruments (continued)

(g) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

- the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives.

- the fair value of monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amounts of financial assets and financial liabilities which have been recognised on the consolidated statement of financial position approximate their fair values.

	Note	Level	Carrying amount 2015 $000s	Fair value 2015 $000s	Carrying amount 2014 $000s	Fair value 2014 $000s
Financial assets						
Cash and cash equivalents	7	1	506,572	506,572	363,743	363,743
Trade and other receivables	9	2	82,358	82,358	106,740	106,740
Loans to other entities	10	2	1,927	1,927	1,898	1,898
Other assets	10	2	1,814	1,814	1,850	1,850
Financial liabilities						
Trade and other payables	15	2	104,087	104,087	91,342	91,342
Accommodation bonds and entry contributions	16	2	291,014	291,014	263,733	263,733
Bank loans and overdrafts	17	2	239,918	239,918	232,776	232,776
Other liabilities	19	2	40,987	40,987	30,004	30,004

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models, with the most significant input being the discount rate that reflects the credit risk of counterparties.

21. Obligations under finance leases

(a) Leasing arrangements

Finance leases relate to equipment with lease terms of one to fifteen years. An option to purchase the equipment for a nominal amount at the conclusion of the lease agreement exists.

(b) Finance lease liabilities

	2015 $000s	2014 $000s
Minimum lease payments payable		
No later than 12 months	2,162	1,341
Between 12 months and 5 years	4,666	3,193
Minimum lease payments	6,828	4,534
Less: Future finance changes	(690)	(538)
Present value of minimum lease payments	**6,138**	**3,996**
Present value of minimum lease payments payable		
No later than 12 months	1,822	1,083
Between 12 months and 5 years	4,316	2,913
Present value of minimum lease payments	**6,138**	**3,996**

(c) Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

22. Operating lease arrangements

(a) Leasing arrangements

Operating leases relate to leases of office and warehouse facilities, motor vehicles and equipment with lease terms up to ten years. In October 2015, the Group will take up occupancy in new premises, 192 Ann Street Brisbane. The lease is for ten years, with two optional extension periods of five years each. A fixed percentage rental increase of 3.5% applies annually, for the term of the lease and the two optional extension periods.

(b) Payments recognised as an expense

	2015 $000s	2014 $000s
Minimum lease payments	**20,348**	**19,821**

22. Operating lease arrangements (continued)

(c) Non-cancellable operating lease commitments

Non-cancellable operating leases over plant and IT equipment, motor vehicles and premises contracted for but not capitalised in the financial statements are payable as follows:

	2015 $000s	2014 $000s
Not later than 12 months	11,635	15,684
Between 12 months and 5 years	27,827	21,499
Greater than 5 years	25,339	1,197
	64,801	**38,380**

(d) Liabilities recognised in respect of non-cancellable operating leases

	2015 $000s	2014 $000s
Lease incentives		
Current	940	-
Non-current	7,260	-
	8,200	**-**

In respect of the above lease at 192 Ann Street, the landlord has paid a lease incentive. Refer to note 1 (g) – leases for the Group's accounting policy on lease incentives.

23. Commitments for expenditure

(a) Capital expenditure commitments

Buildings	2015 $000s	2014 $000s
Not later than 12 months	35,950	24,770
	35,950	**24,770**

Plant and equipment		
Not later than 12 months	9,091	4,867
	9,091	**4,867**

Intangibles		
Not later than 12 months	1,227	346
	1,227	**346**

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in notes 21 and 22 to the financial statements.

23. Commitments for expenditure (continued)

(c) Other expenditure commitments

Expenditure commitments for software licenses, maintenance and other contracts total $25,911,826 (2014: $30,881,003). $11,148,842 (2014: $5,748,246) is committed in the next twelve months and $14,762,984 (2014: $25,132,757) is committed between twelve months and five years.

There are no other material expenditure commitments other than those disclosed above.

24. Contingent liabilities

Periodically, the organisation is notified of claims from people who have received current and/or previous services from the Uniting Church or its predecessor Denominations. Although the Group and the Uniting Church of Queensland meet with claimants, any payments made to claimants are paid by the Church and / or insurers and not by the Group.

The hospitals of UnitingCare Health have been named in several legal claims of a medical nature. The outcome of these claims is uncertain. The UnitingCare Queensland Board are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. Insurance policies are adequate to meet these claims. The maximum exposure to liability for excess payments in respect of these claims is $420,853 (2014: $373,355).

UnitingCare Health has bank guarantees with UCIS totalling $279,510 (2014: $279,510).

The Child Care centres operated by the Group were built with the assistance of the Commonwealth and State Governments. The terms of the agreement provide that any Government funds for the initial construction costs less 4% of the funds per year must be repaid if the centres were closed down within 25 years from the date of initial use. The organisation has no current intention to close these centres. The contingent liability at 30 June 2015, if the centres were to be closed within the 25 years period, is $310,455 (2014: $369,940).

The Group have from time to time received capital grants from the State and Commonwealth Government. Funding received may be repayable in circumstances where the asset is sold or it ceases to be used for its funded purpose.

The Group is aware of capital funding grants provided by the Commonwealth Government to agencies previously responsible for the delivery of residential care services. As at the date of this financial report, the novation of the obligations in respect of these grants is not yet finalised.

Other than the above matters, the Board is not aware of any other contingent liabilities at the date of this report.

25. Transfer of common controlled entity

On 1 July 2014, management of the Australian Regional and Remote Community Services ("ARRCS") operations (formerly operated by Frontier Services) were transferred at nil consideration to ARRCS Ltd - a new entity established on 7 February 2014 to operate ARRCS. ARRCS Ltd has been established as a service group of UnitingCare Queensland - the health and community service provider of the Uniting Church Australia - Queensland Synod, being supported by Blue Care, another service group and one of Australia's leading providers of community health and residential aged care.

Management of ARRCS was transferred from Frontier Services - a charity and agency of the National Assembly of the Uniting Church.

The assets acquired and liabilities transferred at 1 July 2014 are as follows:

	Total $000's
Assets:	
Cash and cash equivalents	2,777
Freehold land - at cost	35
Freehold buildings - at cost	9,814
Leasehold improvements - at cost	3,233
Plant & Equipment - at cost	840
Motor vehicles - at cost	439
Software licences - at cost	2
Total assets	**17,140**
Liabilities:	
Annual leave provision	1,548
LSL provision	1,058
RDO provision	10
Accommodation bonds	1,209
Total liabilities	**3,825**
Net Assets	**13,315**

The net effect of this common control transaction was recognised in other comprehensive income and accounted for as accumulated funds in the consolidated statement of changes in funds.

26. Cash flow information

	2015 $000s	2014 $000s
Reconciliation of cash flows from operating activities to surplus for the year		
Surplus for the year	40,979	35,868
Cash flows excluded from surplus		
Adjustments for:		
Depreciation and amortisation expense	90,737	79,948
Retentions from accommodation bonds and entry contributions	(6,998)	(6,524)
Cash distributions from joint ventures	-	7,683
(Gain) / loss on sale of assets and investments	(14,062)	(38,201)
Write-offs and impairment of non-current asset	21,642	6,879
Share of profits in joint ventures	(1,656)	(2,576)
(Increase) / decrease in trade and other receivables	13,926	(28,524)
(Increase) / decrease in prepayments	(2,040)	505
(Increase) / decrease in inventories	(1,976)	234
(Increase) / decrease in other assets	2,270	7,775
Increase / (decrease) in trade payable and other payables	12,825	19,278
Increase / (decrease) in other creditors	13,785	7,320
Increase in employee benefits and other provisions	6,918	8,600
Net cash inflow from operating activities	**176,350**	**98,265**

27. Key management personnel compensation

In addition to their salaries, the organisation provides non-cash benefits to key management personnel. Key management personnel compensation paid to executives included in salaries and employee costs (refer to consolidated statement of profit or loss and other comprehensive income) are as follows:

	2015 $000s	2014 $000s
Short-term employee benefits	3,004	8,711
Post-employment benefits	159	863
Termination benefits	-	387
	3,163	**9,961**

During the year, an assessment of those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated Group was performed. This resulted in a change in the key management personnel of the consolidated Group for the year ended 30 June 2015, which is reflected in the above table.

27. Key management personnel compensation (continued)

Other key management personnel transactions with the organisation or its controlled entities

Where key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The terms and conditions of any transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on an arm's length basis, for similar transactions to non-key management personnel related entities.

From time to time, the UnitingCare Queensland Board members or their related entities may purchase goods or services from the organisation. These purchases are on the same terms and conditions as those entered into by employees or customers and are trivial or domestic in nature.

28. Other related party disclosures

(a) Equity interests in related parties

Equity interests in joint ventures
Details of jointly controlled entities are disclosed in note 12 to the financial statements. Details of a loan to a joint venture are disclosed in note 10 to the financial statements.

(b) Transactions with other related parties

UnitingCare Queensland is part of the Uniting Church in Australia - Queensland Synod and the Group has a related party relationship with and undertakes transactions with various agencies and departments of the Uniting Church in Australia Property Trust (Q.) including The Department of Finance and Property Services, Uniting Church Investment Services and Uniting Church Insurance.

The Uniting Church in Australia Property Trust (Q.), (the Property Trust), is the legal entity under which all activities of UnitingCare Queensland are conducted. Certain transactions require the delegated authority of the Property Trust to be completed (including land purchase and sales and execution of some contracts). Neither the Property Trust, the Uniting Church Investment Services, nor the Department of Finance and Property Services impose any material charge for the performance of these transactions. Insurance, investment and financing services are also provided through The Uniting Church in Australia - Queensland Synod.

The Property Trust has entered into various agreements with The Wesley Research Institute Limited and St Andrew's Medical Institute Foundation Limited (which amalgamated during the year ended 30 June 2015) to supply grant funding, administration services and rent assistance. The Wesley Research Institute Limited has entered into lease agreements for premises and the construction of premises on a commercial basis with the Property Trust.

The Group makes financial contributions to UnitingCare Australia which is the national body for the UnitingCare Network.

28. Other related party disclosures (continued)

(a) Transactions and balances with related parties

Consolidated surplus for the year includes the following amounts arising from transactions with related parties:

	2015	2014
Uniting Church in Australia – Queensland Synod	**$000s**	**$000s**
Chaplains fees paid to synod for chaplaincy services	(3,211)	(3,114)
Mission and service fund contribution	(843)	(818)
Insurance premiums paid	(9,003)	(8,415)
Other expenses	(142)	(202)
Board remuneration	(72)	(75)
Funds held in trust	1,413	1,370
Net (payables) owed	(87)	10
Uniting Church Investment Services		
Interest revenue received	9,909	7,491
Borrowing costs paid	(13,944)	(13,633)
Cash on deposit at the end of the annual reporting period	461,127	311,189
Non-current interest bearing liability at the end of the annual reporting period	(233,780)	(228,780)
UnitingCare Australia		
Contribution paid	(449)	(435)

29. Economic dependency

The Group is dependent on revenue from certain health insurance funds.

The Group is dependent on both State and Commonwealth Government subsidies and grants to fund its operations. The continued support and funding of community care and aged care program facilities by the Federal Government is subject to regular reviews and accreditation requirements.

30. Business streams

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30. Business streams (continued)

(a) Accounting policies

Business revenues and expenses are those directly attributable to the businesses and include any joint revenue and expenses where a reasonable basis of allocation exists. Business assets include all assets used by a business and consist principally of cash, receivables, inventories, intangibles, and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual businesses, the carrying amount of certain assets used jointly by two or more businesses is allocated to the business on a reasonable basis. Business liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Business assets and liabilities do not include deferred income taxes.

(b) Business and geographic information

Business information
The Group has the following six businesses:
1. UnitingCare Queensland – Group Office;
2. Foundations;
3. UnitingCare Health;
4. Blue Care;
5. Australian Regional and Remote Community Services Ltd (ARRCS Ltd); and
6. UnitingCare Community

Geographic information
The Group's businesses are located in Queensland, Northern New South Wales, and Northern Territory, Australia

31. Events after the end of the reporting period

During the year, the Board approved the sale of a number of properties. At 30 June 2015, no active program to locate a buyer had commenced and as such, these assets do not meet the criteria of AASB 5 for classification as held-for-sale and are still included in property, plant and equipment of UnitingCare Queensland.

Subsequent to year end, properties with a total carrying value of $8,661,557 at 30 June 2015 were declared to be available for immediate sale and the process of actively seeking a buyer for the properties was commenced. Management expects the sale of the property to be completed before 30 June 2016.

Other than those disclosed, there were no matters subsequent to the end of the year that have come to attention that would have a material impact on the financial statements or disclosures therein.

32. Report Basis for Conditional Adjustment Payment

This General Purpose Financial Report is prepared on the basis to comply with requirements of the Department of Social Services financial reporting requirements for Conditional Adjustment Payment. This report is prepared on a service level basis and covers the following RACS ID numbers included under NAPS ID 314 and NAPS ID 6871.

32. Report Basis for Conditional Adjustment Payment (continued)

NAPS ID 314

Residential Service	RACS ID	Residential Service	RACS ID
Alexandra Hills Nandeebie	5197	Kallangur Pilgrim	5233
Arundel Woodlands Lodge	5226	Kenmore	5893
Beenleigh Bethania Haven	5182	Kingaroy Canowindra	5984
Bli Bli	5178	Kingscliff	2719
Brassall	5948	Kirra	5151
Bundaberg Millbank	5159	Labrador	5007
Bundaberg Pioneer Hostel	5158	Lawnton Pine Woods	5195
Bundaberg Pioneer Nursing Home	5932	Lowood Glenwood	5284
Bundaberg Riverlea	5865	Mackay Homefield Hostel	5122
Caloundra	5908	Mackay Homefield Nursing Home	5911
Capricorn	5501	Maleny Erowal	5327
Carbrook Wirunya	5273	Mareeba	5121
Carina	5845	Redcliffe	5750
Dicky Beach	5032	Redland Bay Yarrabee	5356
Elanora Pineshaven	5198	Rothwell Nazarene	5922
Emerald Avalon Hostel	5074	Shalom Elders Village	5753
Emerald Avalon Nursing Home	5986	Springwood Yurana	5041
Flinders View Nowlanvil	5456	Star of the Sea Elders Village Hostel	5372
Gladstone Edenvale	5516	Star of the Sea Elders Village Nursing Home	5373
Gladstone Hibiscus	5148	Sunnybank Hills Carramar	5027
Gracemere	5435	Tallebudgera Talleyhaven	5303
Gympie Grevillea Gardens	5472	Toogoolawah Alkira	5150
Gympie Winston House	5034	Toowoomba	5817
Hamilton Merriwee Court	5035	Townsville Pallarenda Hostel	5042
Hervey Bay Bayhaven	5436	Townsville Pallarenda Nursing Home	5859
Hervey Bay Masters Lodge	5244	Tweed Heads Amaroo	2791
Hollingsworth Elders Village	5754	Warana Beachwood	5185
Ingham Bluehaven	5176	Wynnum	5851

NAPS ID 6871

Residential Service	RACS ID
Hetti Perkins	RC7026
Hetti Perkins	RC6992
Old Timers	RC6983
Rocky Ridge	RC6986
Rocky Ridge	RC6996
Juninga	RC6987
Juninga	RC6991
Terrace Gardens	RC6988
Katherine Hostel	RC6990

The Uniting Church in Australia - Queensland Synod
UnitingCare Queensland

Declaration by the Board of UnitingCare Queensland

30 June 2015

The Board of UnitingCare Queensland declares that:

(a) the financial statements and notes set out on pages 1 to 56:

i. comply with the *Australian Charities and Not-for-profits Commission Act 2012* including compliance with Australian Accounting Standards and mandatory professional reporting requirements; and

ii. give a true and fair view of the financial position of UnitingCare Queensland as at 30 June 2015 and of its performance as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that UnitingCare Queensland will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board.

Dated this 6th day of October 2015

Craig Barke, Chair
UnitingCare Queensland Board

MBlake

Maree Blake, Chair
UnitingCare Queensland Audit, Risk and Compliance Committee

Deloitte.

Deloitte Touche Tohmatsu
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The Chairman
UnitingCare Queensland Board
Level 5, 193 North Quay
Brisbane
Qld 4000

6 October 2015

Dear Craig

The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland

In accordance with Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Board of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland.

As lead audit partner for the audit of the consolidated financial statements of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R G Saayman
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Report to the Board of UnitingCare Queensland acting through The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland

We have audited the accompanying financial report of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland (the "entity" or "company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in funds for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Board of UnitingCare Queensland's (the "Board") declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 1to 57.

The Board's Responsibility for the Financial Report

The Board of the entity is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* (the ACNC Act) and for such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report of The Uniting Church in Australia – Queensland Synod, UnitingCare Queensland is in accordance with Division 60 of the ACNC Act, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R G Saayman
Partner
Chartered Accountants
Brisbane, 6 October 2015